

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



October 11, 1984

ALL-COUNTY LETTER NO. 84-105

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: REGULATIONS RECENTLY FILED WITH THE SECRETARY OF STATE RE FEDERAL DEFICIT REDUCTION ACT OF 1984 (DEFRA)

REFERENCE: ACIN I-67-84, ACIN I-85-84, ALL-COUNTY WELFARE DIRECTORS' LETTER OF SEPTEMBER 24, 1984, ALL-COUNTY WELFARE DIRECTORS' LETTER OF SEPTEMBER 28, 1984

The purpose of this letter is to provide you with instructions for implementing the first set of regulations from the federal Deficit Reduction Act of 1984--DEFRA (PL 98-369). These emergency regulations were filed with the Secretary of State on September 27, 1984 to become effective October 1, 1984. An endorsed copy of the regulations was mailed to you on September 28. Attached is specific information for implementing these regulations.

These provisions affect the Aid to Families with Dependent Children (AFDC), Aid to Families with Dependent Children - Foster Care (AFDC-FC), Refugee Cash Assistance (RCA), and Entrant Cash Assistance (ECA) programs as well as the Refugee Demonstration Project (RDP). The only exceptions are the \$30 Disregard which does not affect the RCA and ECA programs nor the RDP and the \$50 Child Support Disregard which does not apply to AFDC-FC cases.

Question and answer sessions about these regulations will be scheduled late in October or early November. There will be one in Sacramento and one in Southern California. Details will be sent later.

If you have any questions, please contact the appropriate unit: AFDC Policy Implementation Bureau (916) 322-5330 or ATSS 8-492-5330; Foster Care Program Management Bureau (916) 445-0813 or ATSS 8-485-0813; Refugee County Welfare Department Operations Bureau (916) 322-3141 or ATSS 8-492-3141; Fiscal Policy and Procedures Bureau (916) 445-7046 or ATSS 8-485-7046.

*for Robert A. Horel*  
ROBERT A. HOREL  
Deputy Director

Attachments

cc: CWDA

IMPLEMENTATION INSTRUCTIONS  
DEFRA REGULATIONS

I. General

The following information provides general guidelines for eligibility and grant determination under these new regulations. All the provisions are effective October 1, 1984.

- A. These provisions affect October aid payments for all cases.
- B. Eligibility determinations and grant computations for cases with a beginning date of aid determined to be on or after October 1 will be made in accordance with the new regulations.

We recognize some counties will be implementing these regulations retroactively for new and continuing cases. For those counties unable to fully implement all provisions immediately, we urge you to give special attention to applicants who would not have been eligible under the old regulations but who might be under the new. Ensure that these applicants obtain all of the documentation necessary to meet the eligibility requirements (e.g., social security numbers, EDD registration, etc.). Upon implementation, issue retroactive initial aid payments for new cases. For continuing cases that will have a grant increase due to the new regulations, recompute the aid payment and issue a supplemental payment for October.

II. Notices of Action

For denials, discontinuances and suspensions caused by the 185% limit we have received permission from the plaintiff's attorneys (Turner v. McMahon) to use the attached reproducible notice (#M44-207A). Counties are advised to make copies as needed. For most other applicant situations, current notices of action are adequate.

For all other situations we plan to transmit during the second week of October reproducible copies of notice of action messages in English for these regulations changes. Translated versions will follow. It is expected that counties could begin using the notices in October (for the November grants) but no later than November (for December grants). Notices for retroactive payments to correct the October and November grants (as necessary) will be included. The notices will be transmitted via a separate All-County Letter which will also provide directions and instructions for use.

III. Regulations

- A. \$75 Standard Work Expense Disregard (EAS 40-181.243, 44-113.214, 44-113.22, 44-133.313, 44-133.631, 44-133.93)
  - o This provision extends the \$75 standard work expense disregard to all part-time workers except stepparents who are not in the assistance unit. Unaided stepparents will continue to get a \$50 disregard if they work part-time. See Section 44-133.63.

- B. \$30 Disregard (EAS 44-111.24, 44-113.217, 44-113.218, 44-113.22, 44-133.311, 44-133.314, 44-133.631, 44-133.91, 44-207.2, 44-352.121)
- o The \$30 disregard is allowed for eight consecutive months following the end of the fourth consecutive month of the \$30 and 1/3 disregard.
  - o If for any reason the recipient does not receive the \$30 disregard in a month, that month shall nonetheless count as one of the eight consecutive months.
  - o Only continuing cases receiving the fourth consecutive month of the \$30 and 1/3 allowance in or after October 1984 will be eligible for the additional \$30 disregard.
  - o Recipients will not be eligible for this disregard again until they have been off aid for twelve consecutive months.
  - o This provision does not affect recipients of RCA, ECA, or RDP.
- C. 185% gross income limit for eligibility (EAS 44-111.21, 44-111.224, 44-111.232a, 44-111.3c, 44-207.113, 44-207.121, 44-207.2, 44-207.21 and .22)
- o The gross income limit is increased from 150% to 185% of the MBSAC.
- D. Student Earnings Disregard (EAS 44-111.224, 44-207.211)
- o The earnings of a full-time student will be disregarded from gross income for the 185% limit for eligibility for up to six months in a calendar year. Full-time students who have a JTPA job for six months and then have a non-JTPA job for six months (or vice versa) are entitled to up to twelve months of disregard in a calendar year.
- E. Earned Income Credit (EIC) (EAS 44-101.3, 44-101.527, 44-113.21, 44-207.211)
- o EIC is counted as income only when actually received. It cannot be assumed. Recipients, in accordance with EAS 44-103.2 must apply for year end EIC as a condition of eligibility. While counties may encourage applicants/recipients to apply for advanced EIC, application for advanced EIC cannot be a condition of eligibility.
- F. \$50 Child Support Disregard (EAS 42-213.2, 43-201.3, 44-111.47, 44-113.7, 44-207.211)
- o The first \$50 of current child support received directly by the assistance unit is disregarded as income and property for both eligibility and grant computation. For those cases which received child support directly in August 1984, the \$50 would be disregarded in determining their October payment.

- o The first \$50 of current child support received by the county in or after October 1984 is disregarded as income and property for both eligibility and grant determination. A maximum of \$50 per assistance unit is disregarded each month.
- o As stated in the All-County Welfare Directors Letter of September 24, 1984, distribution instructions will be sent to you as soon as possible.
- o Reminder: these payments shall not be disregarded in the Food Stamp Program.

G. Burial Plots and Funeral Agreements (EAS 42-211.253, 42-213.11(k), 42-213.2(d))

- o The new provisions exclude from consideration as resources irrevocable trusts for funeral agreements, and, for each member of the Assistance Unit, one burial plot, and up to \$1,500 of other bona fide funeral agreements.

IV. Forms

Existing State standard forms will accommodate the changes in this package. We have scheduled the Cover Sheet on the CA 2.1 for revision to provide applicants and recipients with information regarding the exemption from income and resources of up to \$50 of current child support payments received.

V. Quality Control Impact

DSS has requested a federal waiver of agency caused quality control errors related to implementation of PL 98-369. We understand the Federal Government is favorable to such a waiver but they have not yet issued an Action Transmittal giving states the official waiver.

VI. Administrative Costs

AB 1557, the state enabling legislation, includes \$200,000 in General Fund monies for administrative costs in 1984-85. The funds will be distributed to the counties through an allocation increase at a later date.

VII. Definition of Earned Income

Although not a part of this regulations package, DEFRA clarified the definition of earned income. ACL 84-92 instructed counties to no longer deduct mandatory deductions for Income Taxes, Social Security and Disability Insurance from gross earned income for eligibility and grant determination.

We are now drafting an All-County Letter and Notice of Action which will instruct counties to implement overpayment actions retroactive to August 1, 1984. In anticipation of the ACL, you should flag any case which will be affected. We anticipate the letter and notices will be issued by the end of October.

# Notice of Action

If you have questions or want more information about this action, please contact your worker.

Case Name :  
Case Number :  
Worker :  
Phone :  
Date :

Description of the Action, Amount, Reason(s), Comments. Effective \_\_\_\_\_, the following action is being taken:

- ☐ We have denied your application for aid.
- ☐ We are stopping your aid.
- ☐ We are suspending your aid for the month of \_\_\_\_\_. Your aid will start again on \_\_\_\_\_ if you are eligible. You do not have to reapply, but you must continue to send in your monthly eligibility report (CA 7).

You cannot get aid because your family's gross income is more than 185% of its basic need standard (MBSAC) plus any special needs. Our records for \_\_\_\_\_ show the following:

<u>SOURCE</u>	<u>INCOME</u>	<u>NEEDS</u>	
1.	\$	Need standard for _____	\$ _____
2.	\$	Special Needs	\$ _____
3.	\$	Total Needs	\$ _____
	\$ _____	185% of Needs	\$ _____
	Total		

**Regulations.** This action is required by State regulations which are available for review at the county welfare department: Manual of Policies and Procedures (MPP) Section(s) EAS 44-207.2

Medi-Cal — California Administrative Code Title 22, Section(s) \_\_\_\_\_

**State Hearing.** If you are dissatisfied with this action, your aid may continue unchanged if you ask for a State Hearing before the effective date of the action. Read the back for important information about your right to appeal this action.

# Your Right to Appeal This Action

If you are dissatisfied with the action described on the other side, or any other county action, you may request a state hearing before a Hearing Officer of the State Department of Social Services. This hearing will be conducted in an informal manner to assure that everyone present is able to speak freely. Your county or adoption worker can help you request a hearing. If you decide to request a hearing you must do so WITHIN 90 DAYS OF THE MAILING DATE OF THIS NOTICE.

**FOOD STAMPS AND CASH AID†:** If this action stops or reduces your food stamps or cash aid and you ask for a hearing before the effective date of the action, your benefits may continue unchanged under certain circumstances until the hearing or until you receive your hearing decision. Food Stamps will not continue past the end of your current certification period.

## Authorized Representative

You can represent yourself at the state hearing. You can also be represented by a friend, attorney or any other person, but you are expected to arrange for the representative yourself. You can get help in locating free legal assistance by calling the toll-free number of Public Inquiry and Response.

## How to Request a State Hearing

The best way to request a hearing is to fill in and send this entire notice to:

**Office of the Chief Referee  
State Department of Social Services  
744 P Street, Mail Station 6-100  
Sacramento, CA 95814**

You may also request a hearing by calling the toll-free number of Public Inquiry and Response.

## Public Inquiry and Response (Public Information)

**Toll-Free Number: (800) 952-5253\***

**For the Deaf Only TDD (800) 952-8349\***

\*You may have to dial "1" first.

The State Public Inquiry and Response Unit can provide you with further information about your hearing rights or files or other welfare-related matters. Assistance is also available in some languages other than English, including Spanish. You may phone, write or come in.

**Public Inquiry and Response  
State Department of Social Services  
744 P Street, Mail Station 16-23  
Sacramento, CA 95814**

## Request for a State Hearing

Name	Phone number		
( )			
Address	City	State	Zip Code

I am requesting a state hearing because of an action by the welfare department of \_\_\_\_\_ county related to my family's: ☐ Cash Aid ☐ Food Stamps ☐ Medi-Cal ☐ Adoption Assistance Program Payments

Reasons for my request:

☐ I speak a language other than English and need an interpreter for my hearing. (The state will provide the interpreter at no cost to you.)

Language	Dialect
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If you request a state hearing and your benefits continue unchanged, the county can recover as an overpayment the cash aid and value of food stamps the hearing decision finds you were not eligible for. If you remain eligible to receive cash aid after the hearing, and you have no other income or resources, your grant will be reduced by 10% each month until the full amount of such overpayment is collected. If you do have other income or available property, the amount your grant will be reduced each month will be greater.

Check here if you want your benefits reduced or discontinued now, as described in this Notice of Action.

☐ Cash Aid ☐ Food Stamps

If you checked the box(es) and the hearing decision is in your favor, any lost benefits will be made up.

Signature

Date

The information you provide on this form is needed to process your request for a hearing, and processing may be delayed if your request is incomplete. A case file will be set up by the Chief Referee. You have a right to examine the materials that make up the file and may

do so by contacting Public Inquiry and Response. Any information you provide may be shared with the county welfare department, with the U.S. Department of Health and Human Services, or the U.S. Department of Agriculture. Authority W&IC 10950.